UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 23-cv-20727-ALTMAN

RYAN BRESLOW, *et al.*,

Plaintiffs,

v.

MARK PHILLIPS, *et al.*,

Defendants.
_______________________________________/

DECLARATION OF CHRISTOPHER T. BERG

I, Christopher T. Berg, make the following declaration based on my personal knowledge:

1. My name is Christopher T. Berg. I am over the age of 18, competent to testify and have personal knowledge of the matters stated herein.

2. I am a partner at the law firm of Ellis George Cipollone O'Brien Annaguey LLP, located at 2121 Avenue of the Stars, 30th Floor, Los Angeles, California 90067, counsel of record for Plaintiffs Ryan Breslow, Alex Fine, and Jon Gordon (collectively, "Plaintiffs").

3. I am a resident of Los Angeles, California.

4. On March 20, 2023, I accessed the web page found at URL https://ir.silvergate.com/news/news-details/2023/Silvergate-Capital-Corporation-Announces-Intent-to-Wind-Down-Operations-and-Voluntarily-Liquidate-Silvergate-Bank/default.aspx, which is a press release from Silvergate Capital Corporations announcing the winding down and

liquidation of Silvergate Bank. A true and correct copy of the web page found at this URL, as it existed on March 20, 2023, is attached as Exhibit A.

5. On March 20, 2023, I accessed the web page found at URL https://www.fdic.gov/news/press-releases/2023/pr23016.html, which is a press release from the Federal Deposit Insurance Corporation concerning the collapse of Silicon Valley Bank. A true and correct copy of the web page found at this URL, as it existed on March 13, 2023, is attached as Exhibit B.

6. On March 20, 2023, I accessed the web page found at URL https://time.com/6263742/signature-bank-crypto/, which is a web page reporting on Signature Bank's failure and potential impact on the crypto industry. A true and correct copy of the web page found at this URL, as it existed on March 20, 2023, is attached as Exhibit C.

7. On March 20, 2023, I accessed the web page found at URL https://pitchbook.com/news/articles/svb-triggers-return-fdic-systemic-risk-exception-sre, which is a web page reporting the FDIC's assumption of Silicon Valley Bank under the Systemic Risk Exception. A true and correct copy of the web page found at this URL, as it existed on March 20, 2023, is attached as Exhibit D.

8. On March 20, 2023, I accessed the web page found at URL https://www.bloomberg.com/news/articles/2023-03-19/crypto-s-bank-options-dwindle-after-svb-silvergate-signature-sbny-collapse, which is a web page reporting how Silicon Valley Bank, Silvergate Bank, and Signature Bank's failures have foreclose vital on-off ramps between crypto and traditional currencies. A true and correct copy of the web page found at this URL, as it existed on March 20, 2023, is attached as Exhibit E.

9. On March, 20, 2023, I accessed a statement issued by the Board of Governors of the Federal Reserve, FDIC, and the Office of the Comptroller of the Currency (the "Joint Statement"), dated January 3, 2023, which reported on the risks crypto-assets posed to banking organizations. A true and correct copy of the Joint Statement is attached Exhibit F.

10. On March 20, 2023, I accessed the web page found at URL https://www.reuters.com/business/crunch-time-credit-suisse-talks-ubs-seeks-swiss-assurances-2023-03-19/, which is a web page reporting UBS's intention to acquire Credit Suisse. A true and correct copy of the web page found at this URL, as it existed on March 20, 2023, is attached as Exhibit G.

11. On March 20, 2023, I accessed the web page found at URL https://laist.com/news/california-based-first-republic-bank-becomes-the-latest-bank-to-be-rescued-this-time-by-its-rivals, which is a web page reporting the exodus of customers from First Republic Bank. A true and correct copy of the web page found at this URL, as it existed on March 20, 2023, is attached as Exhibit H.

12. Attached as Exhibit I is a true and accurate copy of a screenshot from the Twitter page associated with the handle @tankbottoms_xyz, which belongs to Defendant Mark Phillips, showing two posts dated January 25, 2023 and January 27, 2023.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 20 day of March 2023.

Christopher T. Berg

Christopher T. Berg

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served by the Court's CM/ECF system on March 20, 2023 on all counsel of record.

/s/ Jamie L. Katz
Jamie L. Katz

Exhibit A

View all news

Silvergate Capital Corporation Announces Intent to Wind Down Operations and Voluntarily Liquidate Silvergate Bank

03/08/2023

Company Considering How to Best Preserve Residual Value of its Assets

LA JOLLA, Calif.--(BUSINESS WIRE)-- Silvergate Capital Corporation ("Silvergate" or "Company") (NYSE:SI), the holding company for Silvergate Bank ("Bank"), today announced its intent to wind down operations and voluntarily liquidate the Bank in an orderly manner and in accordance with applicable regulatory processes.

In light of recent industry and regulatory developments, Silvergate believes that an orderly wind down of Bank operations and a voluntary liquidation of the Bank is the best path forward. The Bank's wind down and liquidation plan includes full repayment of all deposits. The Company is also considering how best to resolve claims and preserve the residual value of its assets, including its proprietary technology and tax assets.

In connection with the above: Centerview Partners LLC is acting as financial advisor, Cravath, Swaine & Moore LLP is acting as legal advisor and Strategic Risk Associates is providing transition project management assistance.

In addition, Silvergate Bank made a decision to discontinue the Silvergate Exchange Network (SEN), which it announced on March 3, 2023 on its public website. All other deposit-related services remain operational as the Company works through the wind down process. Customers will be notified should there be any further changes.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Securities Exchange Act of 1934, as amended. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. There are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the following: the ability of the Company to wind down the Bank's operations and liquidate the Bank in an orderly and timely manner and to fully repay customer deposits; the Company's ability to successfully resolve claims and preserve any residual value of its assets; the Company's or the Bank's ability to obtain applicable regulatory or governmental approvals relating to the wind down and liquidation process; the Company's ability to comply with the heightened regulatory scrutiny of banking institutions that provide products and services to the digital asset industry; risks and uncertainties, including potential liability and restrictions on the Company's historical business, resulting from various litigation (including private litigation) and regulatory and other inquiries and investigations against or with respect to the Company, investigations from our banking regulators, congressional inquiries and investigations from the U.S. Department of Justice; the timing and results of our additional procedures and documentation and the completion of audit procedures by our independent registered public accounting firm; the Company's ability to file its Form 10-K and future SEC reports on a timely basis; the Company's assessment in accordance with applicable accounting rules regarding the Company's ability to continue as a going concern for the twelve months following the issuance of its financial statements; the possibility that the Company and the ongoing review by the Company's independent registered public accounting firm may identify errors or control deficiencies with respect to the Company's internal controls over financial reporting; the Company's ability to remediate any possible material weaknesses; and other risk factors set forth in the Company's SEC filings. The inclusion of these forward-looking statements should not be regarded as a representation by us or any other person that such expectations, estimates and projections will be achieved.

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client_id=gKrDY1E9BUSWfU7DGuW2CO4rjdskiNg7&scope=openid%20profile%20email&response_type=code&response_mode=query&nonce=bC6BSoqoqSN7UNXhGmkjvSZjgs&state=eyJhbGciOiJodHRw(

Exhibit B

FEDERAL DEPOSIT INSURANCE CORPORATION

Home // News // Press Releases

Press Release

FDIC Creates a Deposit Insurance National Bank of Santa Clara to Protect Insured Depositors of Silicon Valley Bank, Santa Clara, California

Friday, March 10, 2023

For Immediate Release

Last updated: March 12, 2023

WASHINGTON – Silicon Valley Bank, Santa Clara, California, was closed today by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect insured depositors, the FDIC created the Deposit Insurance National Bank of Santa Clara (DINB). At the time of closing, the FDIC as receiver immediately transferred to the DINB all insured deposits of Silicon Valley Bank.

All insured depositors will have full access to their insured deposits no later than Monday morning, March 13, 2023. The FDIC will pay uninsured depositors an advance dividend within the next week. Uninsured depositors will receive a receivership certificate for the remaining amount of their uninsured funds. As the FDIC sells the assets of Silicon Valley Bank, future dividend payments may be made to uninsured depositors.

Silicon Valley Bank had 17 branches in California and Massachusetts. The main office and all branches of Silicon Valley Bank will reopen on Monday, March 13, 2023. The DINB will maintain Silicon Valley Bank's normal business hours. Banking activities will resume no later than Monday, March 13, including on-line banking and other services. Silicon Valley Bank's official checks will continue to clear. Under the Federal Deposit Insurance Act, the FDIC may create a DINB to ensure that customers have continued access to their insured funds.

As of December 31, 2022, Silicon Valley Bank had approximately $209.0 billion in total assets and about $175.4 billion in total deposits. At the time of closing, the amount of deposits in excess of the insurance limits was undetermined. The amount of uninsured deposits will be determined once the FDIC obtains additional information from the bank and customers.

Customers with accounts in excess of $250,000 should contact the FDIC toll–free at 1-866-799-0959.

The FDIC as receiver will retain all the assets from Silicon Valley Bank for later disposition. Loan customers should continue to make their payments as usual.

Silicon Valley Bank is the first FDIC–insured institution to fail this year. The last FDIC–insured institution to close was Almena State Bank, Almena, Kansas, on October 23, 2020.

FDIC: PR-16-2023

Additional Resources:

[Frequently Asked Questions]

[Failed Bank Information for Silicon Valley Bank, Santa Clara, CA]

Exhibit C

TIME

Why Signature Bank's Failure Could Be a Huge Setback for the Crypto Industry

BY **ANDREW R. CHOW**

MARCH 16, 2023 1:57 PM EDT

A version of this article was published in TIME's newsletter Into the Metaverse. Subscribe for a weekly guide to the future of the Internet. You can find past issues of the newsletter here.

As fears of bank failures have spread around the world in the last week, the contagion has threatened to engulf crypto. Signature Bank, crypto's last major ally in the banking world, was seized by regulators earlier this week in the aftermath of Silicon Valley Bank's failure. Signature played a key role in the U.S. crypto ecosystem. If no bank steps in to reproduce its services, U.S. crypto growth could slow significantly, some insiders say.

"The impacts would be really big if there is no U.S. bank that will take on deposits from a crypto client," says Taylor Johnson, a co-founder of PsyFi, which builds crypto financial products. "It would be very painful, and reduce crypto activity a ton for any U.S. person or business."

Embracing Crypto

New York-based Signature Bank was not exclusively a crypto bank: it also had a huge hand in real estate lending and law firm services. But during crypto's pandemic-era bull run, the bank became one of the major legacy institutions to embrace crypto, holding $10 billion in crypto deposits by January 2021. Eric

Howell, one of the bank's executives, bragged at the time that the bank was "the preeminent player in that space."

Signature Bank also ran the payment system Signet, which allowed crypto companies to instantly transfer money in and out of crypto at all times. Signet plays a crucial role in the operational efficiency of several large exchanges, including Coinbase. Since 2019, Signet and its main competitor, Silvergate Bank's SEN, have been responsible for moving more than $2 trillion in and out of crypto, according to Forbes.

But after the fall of FTX, Signature sought to distance itself from crypto, especially since the exchange platform had been one of its clients. In December, the bank said it would offload $8 billion worth of cryptocurrency in order to reduce its exposure to a turbulent industry.

Signature's decision was worrying but not back-breaking for crypto, as the industry could still rely on Silvergate Bank, another crypto-friendly institution. But Silvergate was hit hard during crypto's decline in value last year, and announced on March 9 that it would be winding down operations. Following Silvergate's demise, JPMorgan predicted that some of its customers would migrate over to Signature Bank. Venture capital investors and crypto executives, meanwhile, told *The Information* that they were exploring Silicon Valley Bank as another alternate option.

Falling Dominoes

At the end of last week, however, Silicon Valley Bank suffered from a swift bank run after many of its tech start-up clients pulled their deposits amid widespread concern about the bank's cash balance. The collapse of SVB caused a panic across banks of similar sizes, with depositors rushing to get their money out before it was too late.

Read More: *There's No Easy Explanation For the Banking Mess. That Won't Stop Washington*

The panic put Signature Bank in the spotlight. It is not yet clear if the bank actually became insolvent during this crisis. Regardless, the New York State Department of Financial Services seized Signature after it “failed to provide reliable and consistent data, creating a significant crisis of confidence in the bank’s leadership,” the governmental agency wrote in a statement.

Bloomberg reported that U.S. prosecutors had been investigating Signature’s relationship with crypto clients and potential acts of money laundering before it was seized. (Signet also faces a class-action lawsuit that alleges that the payment system was used in FTX’s fraudulent co-mingling of customer funds.) Signature’s collapse was the third-largest commercial bank failure in U.S. history—and unfolded days after Silicon Valley Bank became the second-largest.

Many in the crypto industry have cried foul, arguing that Signature’s seizure was unnecessary and targeted specifically against them. On Thursday, industry trade group the Blockchain Association announced that it had submitted Freedom of Information Act (FOIA) requests to the FDIC and other regulators, and speculated that government actions might have “improperly contributed” to the bank’s failures.

Crypto insiders also began to worry that Signet would vanish. “Crypto’s banking rails have been effectively shuttered in less than a week. Next up, USDC,” Ryan Selkis, the co-founder of the crypto analysis company Messari, tweeted, referring to the prominent stablecoin. “The message from DC is clear: crypto is not welcome here.”

Jeremy Allaire, the CEO of Circle, which issues USDC, announced that the company would move its settlement processes from Signet onto BNY Mellon and form a partnership with Cross River Bank.

On Wednesday, however, Kevin Greene, the CEO of Tassat, whose technology underpins Signet, told TIME that Signet was operating normally, and predicted that it would continue to do so in the weeks to come despite Signature’s closure. “We’ve got a very robust platform that never goes down and operates

around the clock. It doesn't matter what the markets are doing or what else is happening," he says.

He noted, however, that "Tassat does not have any role or influence in Signature Bank's operations."

Finding Banking Partners

Even if Signet continues to operate, the loss of Signature's ability to accept crypto deposits remains a major issue. While there are other smaller banks that accept crypto, Signature's involvement in crypto lent the industry credibility, especially in the face of regulatory rebukes. In January, the FDIC and other financial regulators issued a joint statement warning banks of crypto's risks to the larger financial system.

Market jitters and regulatory scrutiny will likely deter many banks, especially smaller ones, from taking on the risk and stigma of engaging with crypto at all. Some of those who might have served as backstops have also been hit by this contagion: Customers Bancorp, a relatively crypto-friendly institution, fell 24% on Monday before recovering slightly during the week.

John Lo, managing partner of digital assets at the investment firm Recharge Capital, predicts that the fall of Silvergate and Signature will hit smaller, emerging crypto companies harder than the industry's major players.

"For crypto institutions, it's probably a bit easier for them to transition onto the larger banks," he says. "For smaller crypto projects and startups, their burdens are just as any other startup's burdens in Silicon Valley. It's really difficult to find banking providers for nascent, risky industries."

Johnson, at PsyFi, predicts there will be a handful of "less risk-averse" banks that decide to take on crypto clientele. In the event that doesn't happen, however, he says it's likely the number of crypto businesses in the U.S. will dwindle. "If a crypto entrepreneur wants to start something in the U.S. but

can't open a bank account, they're either going to give up or move their activity offshore," he says.

Such a situation would also affect retail customers hoping to buy and sell crypto on their own. "If no U.S. bank will take deposits from a crypto client, eventually, exchanges can't hold U.S. dollars and won't accept deposits," he says. "And that's going to make it a pretty difficult experience for users to onboard onto an exchange."

CONTACT US AT LETTERS@TIME.COM.

Exhibit D

SVB triggers return of FDIC's Systemic Risk Exception

Jack Hersch

When the Federal Deposit Insurance Corporation (FDIC) assumed control of Silicon Valley Bank and Signature Bank, it did so under a mechanism called the Systemic Risk Exception (SRE), which is designed to enable the FDIC to react to a bank crisis that it feels is putting the entire US banking system at risk. The exception allows the FDIC to make depositors whole, even those with deposits larger than the FDIC's maximum regular insurance threshold of $250,000.

The SRE has rarely been used, but given recent events, here's a quick primer to shed some light on the history behind the headlines.

Origins

The SRE was created by the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), as the national banking crisis of the 1980s was winding down. Around 1,600 banks failed between 1980 and 1994, caused by a confluence of events, among them weak regulation over savings & loan institutions, and a collapse in energy and real estate prices in certain sections of the country.

Backing up a step, the Federal Deposit Insurance Corporation was created by the Glass-Steagall Act of 1933 to insure bank deposits. The insurance started in 1934 at $2,500 per depositor, and today is at $250,000. (Glass-Steagall also famously separated commercial and investment banking and less famously was mostly repealed by the Financial Services Modernization Act of 1999, commonly known as the Gramm-Leach-Bliley Act.)

The FDICIA was implemented to increase the FDIC's powers. It instituted audit and reporting requirements for banks, ordering "progressively severe, corrective, supervisory actions" as a bank's capital level declines, according to the St. Louis Federal Reserve Bank.

The act also empowered the FDIC to wind up insolvent banks in a way that, as the act says, "is the least costly to the deposit insurance fund of all possible methods for meeting the [FDIC's] obligation" to provide insurance coverage for depositors. Known as the "least cost test," it included whether the choice might be, for instance, to sell the bank as a single entity or liquidate it and sell its assets piecemeal.

Exceptional risk

The FDICIA includes an exception to the least cost test. A congressional study done while preparing the legislation noted that "the presence of systemic risk could require a decision to protect uninsured depositors even if it is not the least costly resolution method," according to the FDIC. This suggested

allowing an exemption if complying with the least cost test "would have adverse effects on economic conditions or financial stability," as described by Federal Reserve General Counsel Scott Alvarez in testimony before Financial Crisis Inquiry Commission in 2010.

Systemic risk is defined in an FDIC working paper as "risk that arises because of the structure of the financial system and interactions between financial institutions." The paper notes that systemic risk includes systematic risk, which it defines as "risk explained by factors that influence the economy as a whole," and it includes risks caused by "contagion," defined as "the transmission of losses or distress from one institution to another."

The working paper gives two examples of institution-to-institution contagion: "asset price contagion," where, for instance, fire sales by a failing institution force mark-to-market prices down for all other institutions, possibly putting their balance sheets in jeopardy; and "counterparty contagion," where a transaction's failing counterparty has a domino effect that negatively impacts other financial institutions.

Implementing SRE

In order for the systemic risk exception to be invoked, the FDICIA requires written recommendations from the boards of both the FDIC and the Federal Reserve, with both boards needing the voting approval of two-thirds of their members to make the recommendation. Then the Secretary of the Treasury signs on after consulting the President. Congress must then be notified. All of that happened for the first time roughly 17 years after passage of the legislation, during the Global Financial Crisis.

The exception was first used on Sept. 29, 2008, 14 days after Lehman Brothers filed for bankruptcy protection, to facilitate the sale of Wachovia Corp.'s banking business initially to Citigroup (Wells Fargo & Co. eventually purchased it). A Wachovia insolvency and liquidation using the least cost test would have had "disastrous effects for an already weakened economy," according to the Federal Reserve's Alvarez. He added that in a runaway Wachovia failure, "business and household confidence would be undermined by the worsening financial market turmoil, and banking organizations would be less willing to lend due to their increased funding costs and decreased liquidity."

Two weeks later, the exception was used again to enable the FDIC to provide unlimited coverage for certain non-interest-bearing accounts under the Temporary Liquidity Guarantee Program, which was instituted to "bring stability to financial markets and the banking industry," according to the FDIC.

The exception was then used for Citigroup itself in January 2009, according to a Government Accountability Office report. The report noted that the exception was considered twice more during the GFC, for Bank of America and for the Public-Private Investment Program, but was not actually used.

The next one

Now it has been used again. Not only that, but for the banks still standing, the Federal Reserve on March 12 created the Bank Term Funding Program to give banks, savings associations, and other institutions loans of up to one year "to help assure banks have the ability to meet the needs of all their depositors," to borrow from the Federal Reserve press release.

Invoking the SRE for Wachovia and Citigroup didn't stop the Global Financial Crisis. It remains to be seen whether using it for SVB and Signature Bank will have better results.

Featured image by DCStockPhotography/Shutterstock

Exhibit E

Markets
Crypto

'Everybody's in Limbo': Bank Chaos Leaves Crypto With Dwindling Options

- Day-to-day mechanics in flux with closure of key bank partners
- Startups consider community credit union, crypto credit cards

By Hannah Miller
March 19, 2023 at 7:00 AM PDT

From **Crypto**

Crypto startups are left searching for alternative banking solutions after the collapse of three US banks with ties to the digital-asset industry and its backers.

Years of regulatory scrutiny have effectively blocked most crypto firms from traditional banks. So the failure of Silicon Valley Bank has thrown many groups' day-to-day mechanics like payroll and bill processing into flux, while the shuttering of Silvergate Capital Corp. and Signature Bank has closed vital on-off ramps between crypto and traditional currencies.

"Everybody's in limbo," said Dan Matuszewski, co-founder at crypto investment fund CMS Holdings.

Now crypto startups are weighing their options – many of which are likely to push the industry further into the fringes of the financial sector – including the creation of a community-run credit union, launching a blockchain-based solution or even utilizing crypto credit cards.

To be sure, venture capital firms are helping portfolio companies find new banking partners. Cross River Bank has emerged as a preferred option after it was reported Circle Internet Financial Ltd. was shifting business there from SVB, where it had $3.3 billion deposited.

But, given most banks' reluctance to partner, others are looking to take matters into their own hands, said David Pakman, managing partner at crypto VC firm Coinfund LLC. Chats between VCs, founders and others in the crypto community on platforms like Telegram boil down to a simple, urgent message, he said: "We must build an alternative."

One option on deck is a community-run credit union that could receive deposits and make loans. Proponents even argue that if it were a nonprofit, deposits would be less at risk since it wouldn't be investing like a traditional bank.

Another alternative would be to lean further into blockchain technology. If a crypto custody firm were to link with a payroll provider, for example, there'd be a way to at least pay employees by converting stablecoins to dollars.

READ MORE:

- US Crackdown Seeks to Push Crypto Back to Fringe of Finance
- Startups Emerging From SVB Ruins Face Perilous Banking Landscape
- Billions Worth of Crypto Trades at Risk After Bank Shutdowns
- Prominent Crypto Trade Group Digging Into De-Banking Allegations

"We know quality custody exists in crypto," Pakman said. But it could be a stretch, given the amount of distress caused by USD Coin's recent de-pegging after Circle disclosed its exposure to SVB, he said.

A third option involves the use of corporate credit cards that allow holders to pay off balances with crypto. Pakman said VCs have also been meeting with companies that previously offered credit cards with crypto rewards to see if an option like that could be made available.

But any solution is likely to face the challenge of finding funds. Many of the VC firms that helped pour a record $31 billion into blockchain startups last year were also SVB depositors who are likely to pull back on speculative investments. Plus, crypto VC funding had already declined 75% in fourth quarter over the previous year, according to analytics firm PitchBook, after crypto's multiple blowups last year.

SVB wasn't "just another mom-and-pop bank around the corner," but a linchpin in venture investing, said Edith Yeung, general partner at Race Capital. "I'm sure there were deals made last week that are now not going to happen."

This week US regulators assured SVB and Signature Bank depositors they would have access to funds. But crypto firms still have many banking hurdles ahead.

"It's a good week for people getting their money back," said Haseeb Qureshi, managing partner at VC firm Dragonfly. "It's a bad week for crypto banking."

Exhibit F

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency

January 3, 2023

Joint Statement on Crypto-Asset Risks to Banking Organizations

The Board of Governors of the Federal Reserve System (Federal Reserve), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) (collectively, the agencies) are issuing the following statement on crypto-asset[1] risks to banking organizations.

The events of the past year have been marked by significant volatility and the exposure of vulnerabilities in the crypto-asset sector. These events highlight a number of key risks associated with crypto-assets and crypto-asset sector participants that banking organizations should be aware of, including:

- Risk of fraud and scams among crypto-asset sector participants.
- Legal uncertainties related to custody practices, redemptions, and ownership rights, some of which are currently the subject of legal processes and proceedings.
- Inaccurate or misleading representations and disclosures by crypto-asset companies, including misrepresentations regarding federal deposit insurance, and other practices that may be unfair, deceptive, or abusive, contributing to significant harm to retail and institutional investors, customers, and counterparties.
- Significant volatility in crypto-asset markets, the effects of which include potential impacts on deposit flows associated with crypto-asset companies.
- Susceptibility of stablecoins to run risk, creating potential deposit outflows for banking organizations that hold stablecoin reserves.
- Contagion risk within the crypto-asset sector resulting from interconnections among certain crypto-asset participants, including through opaque lending, investing, funding, service, and operational arrangements. These interconnections may also present concentration risks for banking organizations with exposures to the crypto-asset sector.
- Risk management and governance practices in the crypto-asset sector exhibiting a lack of maturity and robustness.
- Heightened risks associated with open, public, and/or decentralized networks, or similar systems, including, but not limited to, the lack of governance mechanisms establishing oversight of the system; the absence of contracts or standards to clearly establish roles, responsibilities, and liabilities; and vulnerabilities related to cyber-attacks, outages, lost or trapped assets, and illicit finance.

It is important that risks related to the crypto-asset sector that cannot be mitigated or controlled do not migrate to the banking system. The agencies are supervising banking organizations that may be exposed to risks stemming from the crypto-asset sector and carefully reviewing any

[1] By "crypto-asset," the agencies refer generally to any digital asset implemented using cryptographic techniques.

proposals from banking organizations to engage in activities that involve crypto-assets. Through the agencies' case-by-case approaches to date, the agencies continue to build knowledge, expertise, and understanding of the risks crypto-assets may pose to banking organizations, their customers, and the broader U.S. financial system. Given the significant risks highlighted by recent failures of several large crypto-asset companies, the agencies continue to take a careful and cautious approach related to current or proposed crypto-asset-related activities and exposures at each banking organization.

Banking organizations are neither prohibited nor discouraged from providing banking services to customers of any specific class or type, as permitted by law or regulation. The agencies are continuing to assess whether or how current and proposed crypto-asset-related activities by banking organizations can be conducted in a manner that adequately addresses safety and soundness, consumer protection, legal permissibility, and compliance with applicable laws and regulations, including anti-money laundering and illicit finance statutes and rules. Based on the agencies' current understanding and experience to date, the agencies believe that issuing or holding as principal crypto-assets that are issued, stored, or transferred on an open, public, and/or decentralized network, or similar system is highly likely to be inconsistent with safe and sound banking practices. Further, the agencies have significant safety and soundness concerns with business models that are concentrated in crypto-asset-related activities or have concentrated exposures to the crypto-asset sector.

The agencies will continue to closely monitor crypto-asset-related exposures of banking organizations. As warranted, the agencies will issue additional statements related to engagement by banking organizations in crypto-asset-related activities. The agencies also will continue to engage and collaborate with other relevant authorities, as appropriate, on issues arising from activities involving crypto-assets.

Each agency has developed processes[2] whereby banking organizations engage in robust supervisory discussions regarding proposed and existing crypto-asset-related activities.[3] Banking organizations should ensure that crypto-asset-related activities can be performed in a safe and sound manner, are legally permissible, and comply with applicable laws and regulations, including those designed to protect consumers (such as fair lending laws and prohibitions against unfair, deceptive, or abusive acts or practices). Banking organizations should ensure appropriate

[2] *See* OCC Interpretive Letter 1179 "Chief Counsel's Interpretation Clarifying: (1) Authority of a Bank to Engage in Certain Cryptocurrency Activities; and (2) Authority of the OCC to Charter a National Trust Bank," (November 18, 2021); Federal Reserve SR 22-6 / CA 22-6: "Engagement in Crypto-Asset-Related Activities by Federal Reserve-Supervised Banking Organizations," (August 16, 2022); and FDIC FIL-16-2022 "Notification and Supervisory Feedback Procedures for FDIC-Supervised Institutions Engaging in Crypto-Related Activities," (April 7, 2022).

[3] Entities seeking to become regulated banking organizations will also be expected to adopt and demonstrate appropriate risk management processes and controls to mitigate risks associated with planned activities, which would include any crypto-asset-related activities, before receiving a charter or otherwise being authorized to commence business. The entities should discuss all planned activities with the appropriate regulator prior to filing an application.

risk management, including board oversight, policies, procedures, risk assessments, controls, gates and guardrails, and monitoring, to effectively identify and manage risks.[4]

[4] *See* Interagency Guidelines Establishing Standards for Safety and Soundness 12 CFR 30, Appendix A (OCC); 12 CFR 208, Appendix D-1 (Federal Reserve) and 12 CFR 364, Appendix A (FDIC). *See also* OCC Guidelines Establishing Heightened Standards for Certain Large Insured National Banks, Insured Federal Savings Associations, and Insured Federal Branches, 12 CFR 30, Appendix D (OCC).

Exhibit G

Business

5 minute read · March 19, 2023 11:18 PM EDT · Last Updated 13 hours ago

Central banks try to calm markets after UBS deal to buy Credit Suisse

By Stefania Spezzati, Oliver Hirt and John O'Donnell

- UBS to pay 3 bln Swiss francs ($3.23 bln) for Credit Suisse
- Yellen, Powell welcome deal to support financial stability
- UBS to assume up to $5.4 bln in losses; deal to close this year
- CS writes down $17 bln of bonds to zero, angering holders
- S&P lowers First Republic Bank's credit rating

March 19 (Reuters) - Some of the world's largest central banks came together on Sunday to stop a banking crisis from spreading as Swiss authorities persuaded UBS Group AG (UBSG.S) to buy rival Credit Suisse Group AG (CSGN.S) in a historic deal.

UBS will pay 3 billion Swiss francs ($3.23 billion) for 167-year-old Credit Suisse and assume up to $5.4 billion in losses in a deal backed by a massive Swiss guarantee and expected to close by the end of 2023.

Soon after the announcement late on Sunday, the U.S. Federal Reserve, European Central Bank and other major central banks came out with statements to reassure markets that have been walloped by a banking crisis that started with the collapse of two regional U.S. banks earlier this month.

S&P 500 and Nasdaq futures were each up 0.4%, both giving back some earlier gains. New Zealand dipped at the open and Australian shares (.AXJO) opened with a 0.5% loss. The safe-haven dollar lost ground against Sterling and the euro but was up versus the yen.

Pressure on UBS helped seal Sunday's deal.

"It's a historic day in Switzerland, and a day frankly, we hoped, would not come," UBS Chair Colm Kelleher told analysts on a conference call. "I would like to make it clear that while we did not initiate discussions, we believe that this transaction is financially attractive for UBS shareholders," Kelleher said.

UBS CEO Ralph Hamers said there were still many details to be worked through.

"I know that there must be still questions that we have not been able to answer," he said. "And I understand that and I even want to apologize for it."

In a global response not seen since the height of the pandemic, the Fed said it had joined with central banks in Canada, England, Japan, the EU and Switzerland in a coordinated action to **enhance market liquidity**. The ECB vowed to support euro zone banks with loans if needed, adding the Swiss rescue of Credit Suisse was "instrumental" for restoring calm.

Fed Chair Jerome Powell and U.S. Treasury Secretary Janet Yellen welcomed the announcement by the Swiss authorities. The **Bank of England** also praised the Swiss.

“The greater risk environment for financials leads to husbanding of capital and risk-taking, less and more conservative investing and lending, and inevitably, lower growth," said Lloyd Blankfein, former chairman and CEO of Goldman Sachs Group Inc **(GS.N)**.

"While some banks have been hung up by poorly managed, concentrated risk, the overall banking system is extremely well capitalized and substantially more tightly regulated than in prior challenging times.”

The Swiss banking marriage follows efforts **in Europe** and **the United States** to support the sector since the collapse of U.S. lenders Silicon Valley Bank and Signature Bank.

Some investors welcomed the weekend steps but took a cautious stance.

"Provided markets don’t sniff out other lingering problems, I’d think this should be pretty positive," said Brian Jacobsen, senior investment strategist at Allspring Global Investments.

Problems remain in the U.S. banking sector, where bank stocks remained under pressure despite a move by several large banks to deposit $30 billion into First Republic Bank **(FRC.N)**, an institution rocked by the failures of Silicon Valley and Signature Bank.

On Sunday, First Republic saw its credit ratings downgraded **deeper into junk** status by S&P Global, which said the deposit infusion may not solve its liquidity problems.

U.S. bank deposits have stabilized, with outflows slowing or stopping and in some cases reversing, a U.S. official said on Sunday, adding the problems of Credit Suisse are unrelated to recent deposit runs on U.S. banks and that U.S. banks have limited exposure to Credit Suisse.

The U.S. Federal Deposit Insurance Corp (FDIC), meanwhile, is planning to **relaunch the sale process** for Silicon Valley Bank **(SIVB.O)**, with the regulator seeking a potential breakup of the lender, according to people familiar with the matter.

'DECISIVE INTERVENTION'

The intervention comes after two sources told Reuters earlier on Sunday that major banks in Europe were looking to the Fed and ECB to step in with **stronger signals of support** to stem contagion.

The euro , the pound and the Australian dollar all rose by around 0.4% against the greenback, indicating a degree of risk appetite in markets.

"Bank stocks should rally on the news, but it is premature to signal all-clear," said Michael Rosen, chief investment officer for Angeles Investments in California.

UBS Chair Colm Kelleher said during a press conference that it will wind down Credit Suisse's investment bank, which has thousands of employees worldwide. UBS said it expected annual cost savings of some $7 billion by 2027.

The Swiss central bank said Sunday's deal includes 100 billion Swiss francs ($108 billion) in liquidity assistance for UBS and Credit Suisse.

Credit Suisse shareholders will receive 1 UBS share for every 22.48 Credit Suisse shares held, equivalent to 0.76 Swiss francs per share for a total consideration of 3 billion francs, UBS said.

Credit Suisse shares had lost a quarter of their value last week. The bank was forced to tap $54 billion in central bank funding as it tries to recover from **scandals** that have undermined confidence.

Under the deal with UBS, some Credit Suisse bondholders are major losers. The Swiss regulator decided that Credit Suisse bonds with a notional value of $17 billion will be valued at zero, **angering some of the holders** of the debt who thought they would be better protected than shareholders in a rescue deal announced on Sunday.

($1 = 0.9280 Swiss francs)

(This story has been refiled to remove an extraneous day reference in paragraph 1)

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Exhibit H

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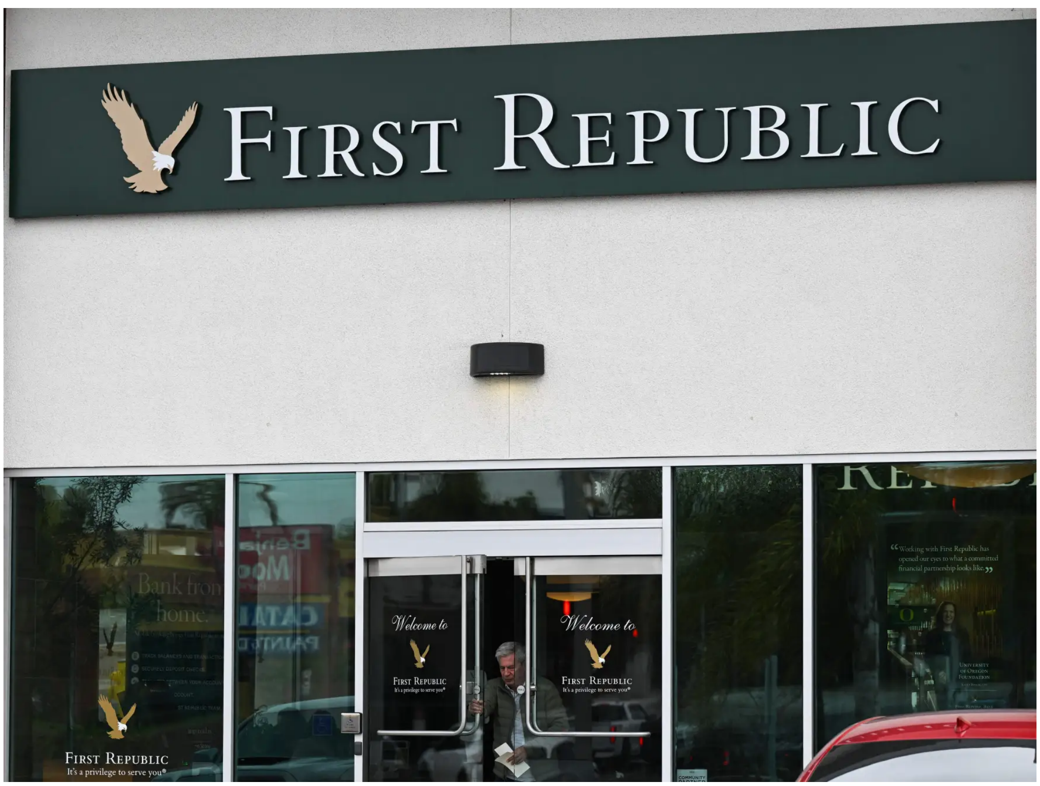
By David Gura | NPR
Published Mar 16, 2023 2:18 PM



A customer exits a First Republic Bank branch in Manhattan Beach this week. The midsized lender was rescued by a group of top banks after suffering an exodus of depositors following the collapse of two U.S. banks.

(Patrick T. Fallon / AFP via Getty Images)

IN THIS ARTICLE

Some of the biggest banks in the U.S. are stepping in to save First Republic Bank.

A group of 11 lenders including J.P.Morgan, Bank of America, Citigroup and Wells Fargo said they will deposit $30 billion in First Republic Bank in an effort to prop up the beleaguered midsized lender.

The rescue comes after confidence in smaller lenders cratered following the collapse of Silicon Valley Bank and Signature Bank in what has been an extraordinary week for U.S. lenders.

"This action by America's largest banks reflects their confidence in First Republic and in banks of all sizes, and it demonstrates their overall commitment to helping banks serve their customers and communities," the lenders said in their statement.

"Regional, midsize and small banks are critical to the health and functioning of our financial system," the statement added.

California-based First Republic has experienced an exodus of depositors since the failures of those two banks, as many of its customers moved their money to larger rivals.

ABOUT THE BANK'S CALIFORNIA TIES

First Republic opened its first bank in 1985 in San Francisco. It now 80 locations nationwide, including 18 in Southern California:

LA County: 8
Orange County: 2
San Diego: 6

Palm Desert: 1
Santa Barbara: 1

That happened even after the lender said it had lined up $70 billion in new financing from both the Federal Reserve and the world's largest bank, J.P. Morgan Chase. First Republic also noted it was eligible to seek additional funding from the Fed if there were heightened demand for withdrawals.

The bank has also said its balance sheet is sound and that depositors are safe, but investors have still worried they were vulnerable to a similar run on deposits as Silicon Valley Bank.

First Republic had a lot of unsecured deposits

Like SVB, First Republic was founded in California, and it caters to wealthy individuals and businesses.

On Wednesday, Fitch Ratings and S&P Global Ratings both downgraded First Republic's credit rating.

Explaining its decision, Fitch said the bank's "focus on wealthy and financially sophisticated customers in select urban coastal markets in the U.S." has led to "a high proportion of uninsured deposits."

The agency also suggested it is likely First Republic's customers would take their money elsewhere if the lender were to find itself under more pressure Their deposits "can be less sticky in times of crisis or severe stress," Fitch wrote.

According to analysis by S&P Global Market Intelligence, at the end of last year, 67.7% of First Republic's domestic deposits were uninsured by the F.D.I.C — meaning they exceeded the regulator's $250,000 limit.

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Exhibit I

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Internet is sporadic, will get back to everyone when I return, getting on a boat, should be a few weeks.

8 211

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Sometimes disconnecting and taking a break far away is the best thing one can do. Can't believe I haven't done this sooner. Will post some sick pictures when I have better bandwidth.

11 254